

## REMARKS

Claims 1-14, 16 and 17 are pending. The Examiner's reconsideration of the rejection is respectfully requested in view of the amendments and remarks.

Claims 1-5, 8-12, 16 and 17 have been rejected under 35 U.S.C. 102(e) as being anticipated by Hertz et al. (US Patent App. No. 2001/0014868), published 8/16/01 and filed 7/22/98. The Examiner stated essentially that Hertz teaches all the limitations of Claims 1-5 and 8-12.

Claims 1 and 8 claim, "computing a Vickrey discount to said plurality of winning agents in a cleared exchange as the difference between available surplus with all agents present minus available surplus without said plurality of winning agents, wherein the available surplus is a difference between an asked for payment from sellers and a bid payment from buyers, and wherein the winning agents are sellers and buyers matched to one another."

Hertz teaches using offer demand summaries to estimate shoppers' interest (see page 16, second column). Hertz does not teach "computing a Vickrey discount to said plurality of winning agents in a cleared exchange as the difference between available surplus with all agents present minus available surplus without said plurality of winning agents, wherein the available surplus is a difference between an asked for payment from sellers and a bid payment from buyers, and wherein the winning agents are sellers and buyers matched to one another" as claimed in Claims 1 and 8. Hertz relates to a system for the automatic determination of which products a shopper, that is a buyer, would be most likely to buy (see paragraphs [0002] and [0024]). Hertz is concerned with what the shopper is likely to buy. Hertz does not teach determining a discount for

a shopper that has committed to a purchase, e.g., in a cleared exchange, much less, computing a Vickrey discount to said plurality of winning agents as claimed in Claims 1 and 8. Hertz is concerned only with likely sales from the point of view of a buyer. Nowhere does Hertz teach or suggest a discount to a seller as a winning agent.

Further, even from the Abstract, it is clear that Herz methods are not analogous to Vickrey discounts; for example, Herz is explicit that the method seeks to “maximize the vendor’s profits.” A maximization of one party’s profits is clearly not related to a Vickrey discount which is constrained to a balanced-budget, essentially as claimed in Claim 1. The maximization of a vendor’s profit is believed to preclude a balanced-budget, essentially as claimed. Therefore Hertz fails to teach all the limitations of Claims 1 or 8.

Reconsideration of the rejection is respectfully requested.

Claims 6, 7, and 13-14 have been rejected under 35 U.S.C. 103(a) as being unpatentable over Hertz et al. (US Patent App. No. 2001/0014868). The Examiner stated essentially that Hertz teaches or suggests all the limitations of Claims 6, 7, and 13-15.

Claims 6 and 7 depend from Claim 1. Claims 13 and 14 depend from Claim 8. The dependent claims are believed to be allowable for at least the reasons given for Claims 1 and 8.

Applicants note that Office Notice has been taken that the notations of Claim 7 are well-known mathematical notations. Applicants respectfully disagree that the notations of Claim 7 are well-known mathematical notations; for example, the notations of Claim 7 include variables attributed to a Vickrey discount - no known use of a Lagrangian optimization includes a Vickrey discount. If the Examiner is relying on personal knowledge to support the finding of what is known in the art, the Examiner must provide an affidavit or declaration setting forth specific

factual statements and explanation to support the finding. Such an affidavit is respectfully requested.

Reconsideration of the rejection is respectfully requested.

Claims 16 and 17 are believed to be allowable for additional reasons.

Claims 16 and 17 claim “the computation of the Vickrey discount to said plurality of winning agents is performed after the exchange is cleared.”

For example, Hertz's selects, presents, prices and promotes goods and services pre-sale. Hertz does not teach any activity after an exchange is cleared. Therefore, Claims 16 and 17 are believed to be in condition for allowance.

For the forgoing reasons, the present application, including Claims 1-14, 16 and 17, is believed to be in condition for allowance. The Examiner's early and favorable action is respectfully urged.

Respectfully submitted,

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